South Florida Operating Engineers
Apprentice and Training Fund
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MINUTES OF THE MEETING OF THE BOARD OF TRUSTEES OF THE SOUTH FLORIDA OPERATING ENGINEERS APPRENTICE AND TRAINING FUND THURSDAY, FEBRUARY 6, 2014 MIAMI LAKES, FLORIDA

The following Trustees were present:

LABOR TRUSTEES	MANAGEMENT TRUSTEES
M. Schaunaman, Chairman	J. Turk, Secretary
J. Mullen	J. Epperson
S. Singer	M. Harrison

Also present were:

L. DuVall – Associated Administrators, LLC
D. Haverly – SEI Global Institutional Group
R. Joyner – The Segal Company
D. McCullers – Apprenticeship Director
K. Phillips – Phillips, Richards, & Rind, PA

I. CALL TO ORDER

A quorum being present, Chairman Schaunaman called the meeting to order.

II. MINUTES

The Trustees reviewed the minutes of the regular meeting held on November 21, 2013, which were circulated to the Trustees in advance of the meeting. After discussion, on Motion made and seconded, the Trustees voted unanimous approval of the following resolution:

RESOLVED to approve the minutes of the regular Board meeting held on November 21, 2013 as presented.

III. ADMINISTRATIVE MANAGER'S REPORT

A. Income and Expense Statement

Ms. DuVall reviewed the Income and Expense Statement for December 31, 2013, a copy of which is attached to and made a part of these minutes as Exhibit A. She reported that total assets for the month of December 2013 were $2,094,318.04. She reported that the Fund had total income for the month in the amount of $22,887.18 and total expenses in the amount of $38,939.46, resulting in a total net income of ($16,052.28) for the month of December 2013. Ms. DuVall reviewed the income and expenses on the twelve-month rolling Comparative Income Statement.

B. Disbursements

Ms. DuVall presented the expense check register for December 2013, which indicated total disbursements of $22,489.29. She reviewed the payroll check register for December 2013, which indicated total payroll of $16,226.85.

On Motion made and seconded, the Trustees voted unanimous approval of the following resolution:

RESOLVED to accept the Administrative Manager's Report as presented.

IV. INVESTMENT CONSULTANT'S REPORT

The Trustees welcomed Mr. Don Haverly from SEI Global Institutional Group ("SEI") to the meeting.

Performance Report

Mr. Haverly distributed SEI's investment management report dated February 6, 2014, a copy of which is attached to and made a part of these minutes as Exhibit B. Mr. Haverly stated that the Fund's total portfolio had a net return of 5.39% compared to the total index return of 3.62% for the period June 1, 2010 to December 31, 2013. He said that the fiscal year-to-date net return was 1.66% compared to the total index return of 0.80%. Mr. Haverly stated that the asset allocation was 87.8% in fixed income, 9.8% in U.S. equity and 2.4% in World equity.

The Trustees asked Mr. Haverly about increasing equities in the Fund's portfolio in an effort to provide greater earnings. Mr. Haverly said that he will review any investment changes that could be accomplished within the Fund's existing investment guidelines, as well as outside the guidelines, and provide different scenarios for the Trustees to consider. He will email the information to Ms. DuVall to distribute to the Trustees for their review and consideration. If the Trustees decide to make investment changes outside the existing investment guidelines, the Trustees will be polled between Board meetings for a decision.

The Trustees thanked Mr. Haverly for his report and excused him from the meeting.

V. APPRENTICESHIP DIRECTOR'S REPORT

Mr. Daniel McCullers presented the Director's Report dated February 6, 2014, a copy of which is attached to and made a part of these minutes as Exhibit C. Mr. McCullers reported the following:

A. Apprentices

Mr. McCullers reported that two apprentices graduated to journeyman, eleven apprentices joined and two dropped out of the Apprenticeship Program since the last Board meeting. Fifty-three apprentices are enrolled in the Program. He reported going back to two separate Apprentice classes – first and second year apprentices in one class; third and fourth year apprentices in another.

B. Upgrading the Apprentice Program

Mr. McCullers said that the Apprenticeship Standards have been amended with the assistance of the State Regional Representative and will be resubmitted to the State for consideration. He said that he and Michael Smith attended the Crane Curriculum Roll-Out and Review Conference on January 13-14, 2014 in Linthicum, Maryland.

C. Apprenticeship Classes

Mr. McCullers reported that the NCCCO core class was given on January 12, 2014; the NCCCO large and small hydraulic crane class was given on January 19, 2014; the NCCCO lattice boom truck and crawler class was given on January 26, 2014; the NCCCO mobile and tower crane review class will be given on February 9, 2014; and the NCCCO Exam will be administered on February 16, 2014. He said that the Apprentice graduation ceremony will be held March 23, 2014.

D. Broward County School Board

Mr. McCullers stated that he had no updates to report regarding the School Board.

E. Apprenticeship Council

Mr. McCullers said that he attended the monthly UJAC and PCJAC conference meetings.

F. Equipment Program

Mr. McCullers said that the new John Deere 310SK Backhoe Loader continues to be on loan from the International Union. He said that an apprentice is working to take care of considerable rust on the equipment at the Training site and is helping with mechanical repairs.

G. Training Site

Mr. McCullers reported that a concrete slab had been poured to comply with NCCCO practical exam requirements. He said two additional slabs will be poured to complete four NCCCO practical exam test courses. He said that preparations are underway for the Annual JATC picnic on March 23, 2014. Mr. McCullers reported that the property tax exemption has been renewed for the year 2014.

VI. ATTORNEY'S REPORT

Ms. Kathleen Phillips distributed a report titled Trustees' Report dated February 6, 2014, a copy of which is attached to and made a part of these minutes as Exhibit D.

A. Delinquency and Collections

Ms. Phillips provided an update on delinquency and collection matters involving Beyel Brothers, Inc., Bunnell, Little Steve Florida, LLC, Powermix Industries, Seaward Services, Inc. and Zeiger Crane Rental, Inc.

Bunnell Foundation, Inc. ("Bunnell")

Ms. Phillips said that Bunnell had been delinquent in payment of contributions since October 2013. Chairman Schaunaman stated that he had spoken with the bookkeeper at Bunnell and she promised that Bunnell would issue payment today for all contributions due the Fund. After discussion, on Motion made and seconded, the Trustees voted unanimous approval of the following resolution:

RESOLVED to authorize Fund Counsel to file legal action against Bunnell unless Bunnell issues payment today for at least three months of contributions owed to the Fund.

Powermix Industries ("Powermix")

Ms. Phillips stated that in November 2012, Powermix requested a full waiver of service fees in the amount of $5,104.09 due to its inability to pay. In accordance with instructions from the Trustees at the November 2012 Board meeting, the request from Powermix was to be re-evaluated in a year. She reported that Powermix remains an active corporation with the Florida Division of Corporations, but it is not employing operating engineers. She said the Union had advised that Powermix is an active corporation and is believed to be leasing its yard to B&M Foundation. She recommended that efforts be made to collect the delinquent service fees. After discussion, on Motion made and seconded, the Trustees voted unanimous approval of the following resolution:

RESOLVED to authorize Fund counsel to send a demand letter to Powermix Industries to collect $5,104.09 in service fees owed to the Fund, in accordance with the Fund's Audit and Collection Procedures.

Seaward Services, Inc. ("Seaward")

Ms. Phillips recommended waiving service fees in the amount of $267.80 incurred by Seaward for late payment of contributions for September 2013, given that it only employed operating engineers in September 2013, the project was complete, and the costs of collection would likely exceed that which is collectable. She said that the Fund's Audit and Collection Procedures provide for waivers once in a three-year rolling period and for no more than a two-month consecutive period, so Seaward is eligible for a waiver. After discussion, on Motion made and seconded, Trustees voted unanimous approval of the following resolution:

RESOLVED to write off service fees incurred by Seaward Services, Inc. in the amount of $267.80 for the month of September 2013, in accordance with the Fund's Audit and Collection Procedures.

B. Crane Curriculum Roll-Out and Review Conference

Ms. Phillips stated that between Board meetings, the Trustees were polled and approved airfare costs of approximately $700 total for Apprentice Director Dan McCullers and Instructor Mike Smith to attend the Crane Curriculum Roll-Out and Review Conference

presented and sponsored by the International Union on January 14, 2014 in Linthicum, Maryland. She stated that a resolution was needed to ratify that action. On Motion made and seconded, the Trustees voted unanimous approval of the following resolution:

> **RESOLVED to ratify the Board's approval for the Fund to pay airfare costs of approximately $700 total for Apprentice Director Dan McCullers and Instructor Mike Smith to attend the Crane Curriculum Roll-Out and Review Conference presented and sponsored by the International Union on January 14, 2014 in Linthicum, Maryland.**

VII. OTHER FUND BUSINESS

A. Fiduciary Liability Insurance Renewal

Ms. DuVall reported that the Fund's Fiduciary Liability insurance policy was renewed for the policy period January 1, 2014 to January 1, 2015.

B. Audit Engagement for Plan Year Ending March 31, 2014

Ms. DuVall presented an audit engagement letter from S I Gordon & Company ("SI Gordon"), which was reviewed by Fund counsel, a copy of which is attached to and made a part of these minutes as Exhibit E. She stated that SI Gordon was asking for a $315 fee cap increase over the prior year's audit fee, raising the fee cap to $6,750. She noted that a review of Fund records indicated that the existing audit engagement fee had been unchanged since 2009. After discussion, on Motion made and seconded, Trustees voted unanimous approval of the following resolution:

> **RESOLVED to approve the audit engagement of S I Gordon & Company for the Plan year ending March 31, 2014 as presented.**

The SI Gordon audit engagement letter was signed by Board Chairman and Secretary.

C. Apprentice Selection Insurance Coverage

Ms. DuVall reported working in conjunction with Fund counsel to complete and submit a Union Liability Policy application to United Members Insurance, Inc. to obtain information and pricing options for insurance coverage for apprentice selection, as directed by the Trustees at the November 21, 2013 Board meeting. The Board directed that upon receipt of the information from United Members Insurance that the Trustees be polled between Board

meetings for a decision on whether or not to move forward with insurance coverage for apprentice selection.

NEXT MEETING DATE AND LOCATION

The next quarterly Board meeting was scheduled for Thursday, May 22, 2014 at 10:00 a.m. in Miami Lakes, Florida. The remaining quarterly meetings were scheduled for August 21, 2014 and November 20, 2014.

VIII. ADJOURNMENT

There being no further business to come before the Board of Trustees, the meeting was adjourned.

Respectfully submitted,

_____

Jonathan Turk, Fund Secretary

These Minutes were adopted on _____

Attachments:
Exhibit A: Income and Expense Statement, December 31, 2013
Exhibit B: SEI Investment Management Report, February 6, 2014
Exhibit C: Apprenticeship Director's Report dated February 6, 2014
Exhibit D: Trustees' Report from Fund Counsel, February 6, 2014
Exhibit E: S I Gordon Audit Engagement Letter for Plan Year Ending March 31, 2014